

Message Text

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ACTION EUR-12

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INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

US MISSION EC BRUSSELS

AMEMBASSY DUBLIN

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

USDEL MTN GENEVA

AMCONGEN MILAN

AMCONGEN NAPLES

AMEMBASSY OTTAWA

AMEMBASSY PARIS

US MISSION OECD PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

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TAGS: EFIN IT

SUBJ: ITALIAN PRESS COMMENTS ON BIG SIX SUMMIT

/SUMMARY/.

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GENERALLY ITALIAN PRESS HAS GIVEN FRONT-PAGE TREATMENT TO BIG SIX SUMMIT BUT WITH LITTLE EDITORIAL COMMENT. HOWEVER, MILAN'S CORRIERE DELLA SERA WAS EXCEPTION, DEDICATING FRONT-PAGE EDITORIALS TO THIS SUBJECT ON NOVEMBER 15 AND 16. /END SUMMARY/

1. MILAN INDEPENDENT LEFT-LEANING CORRIERE DELLA SERA IN FRONT-PAGE EDITORIAL ON NOVEMBER 15 GAVE UNACCUSTOMED PRAISE TO ITALIAN GOVERNMENT FOR ITS TENACITY IN SEEKING INVITATION TO PARTICIPATE AT SUMMIT RATHER THAN HAVING SUCCEDED TO VIEW THAT ITALY'S INTRACTABLE POLITICAL AND ECONOMIC PROBLEMS HAVE CONDEMNED COUNTRY TO EXCLUSION FROM INTERNATIONAL EFFORTS AIMED AT BETTER COORDINATION OF INTERNATIONAL ECONOMIC POLICY. CORRIERE BELIEVES THAT ITALY'S MAJOR PARTNERS HAVE BEEN TORN BETWEEN LETTING ITALY FALL BY THE WAYSIDE AND ATTEMPTING TO GIVE COUNTRY NEW LEASE ON LIFE. ITALY'S ABSENCE AT CONFERENCE WOULD HAVE ENCOURAGED TENDENCY TO ACCEPT FIRST ALTERNATIVE. EDITOR BELIEVES THAT ITALY SHOULD FEAR CREATION OF PERMANENT ECONOMIC DIRECTORATE WHICH MIGHT ESTABLISH NEW COMMITMENTS WHICH ITALY WOULD BE UNABLE TO FULFILL AND WHICH COULD UNDERCUT EUROPEAN INTEGRATION. ON OTHER HAND, THERE IS DILEMMA BECAUSE ITALIAN POSITION IS VERY CLOSE TO US ON INTERNATIONAL MONETARY AND FREE TRADE QUESTION. (ON FOLLOWING DAY CORRIERE'S PARIS CORRESPONDENT ALLUDED TO ITALIAN CONCERN THAT COUNTRY MIGHT BE EXCLUDED FROM US-PROPOSED PERMANENT ECONOMIC DIRECTORATE.)

2. IN NOVEMBER 16 FRONT-PAGE EDITORIAL ENTITLED "THE MOMENT OF TRUTH" CORRIERE ACCEPTED REASONABLENESS OF ATTEMPTING TO DEAL IN ONE FORUM WITH WHOLE GAMUT OF INTERRELATED ECONOMIC PROBLEMS. IT REJECTED CURRENT OF SKEPTICISM ABOUT ABILITY OF CONFERENCE PARTICIPANTS TO RESOLVE THESE COMPLEX PROBLEMS, IN FAVOR OF ACCEPTING MORE MODEST EXPECTATION THAT SUCH HIGH LEVEL CONTACTS AT LEAST OFFERED PROMISING OCCASION FOR DEMONSTRATING MUTUAL GOOD WILL AND COMPREHENSION THAT ECONOMIC COOPERATION IMPLIED SOME LOSS OF NATIONAL SOVEREIGNTY BECAUSE OF ECONOMIC INTERDEPENDENCE.

3. NOVEMBER 16 EDITORIAL ALSO STRESSED IMPORTANCE AT SUMMIT OF SEEKING GREATER EXCHANGE RATE STABILITY AND OF NEED FOR FINDING NEW WAYS OF DEALING WITH INFLATION. AUTHOR ACCEPTED

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FRENCH VIEW THAT MONETARY PROBLEM SHOULD OCCUPY FIRST PLACE IN DISCUSSIONS, SINCE FREE TRADE WAS THREATENED BY ASPHYXIATION FROM EXCHANGE RATE UNCERTAINTIES. HE INDICATE THAT CONFERENCE WILL HAVE BEEN SUCCESS IF AGREEMENT IS REACHED ON CERTAIN AMOUNT OF MONETARY DISCIPLINE AIMED AT CONTAINING EXCHANGE RATE FLUCTUATIONS BETWEEN DOLLAR AND EC SNAKE WITHIN SUPPORTABLE LIMITS. CORRIERE EDITOR HOPED, HOWEVER, THAT INTERNATIONAL MONETARY QUESTIONS COULD BE DEALT WITH IN MORE RADICAL WAY AT

LATER STAGE. WHILE ACCEPTING FRENCH THESIS ABOUT IMPORTANCE OF GREATER EXCHANGE RATE STABILITY, EDITOR REJECTED FRENCH VIEW THAT CURRENT "CRISIS OF CAPITALIS" WAS, IN SUBSTANCE, ONLY A MONETARY CRISIS. RATHER, IT WAS SEEN AS MORE FUNDAMENTAL STRUCTURAL CRISIS OF CAPITALISM.

4. ON QUESTIONS OF INFLATION, RECESSION, AND WORLD TRADE, CORRIERE EDITORIAL POINTED OUT THAT EARLIER ATTITUDE EXPRESSED BY CHANCELLOR SCHMIDT THAT 5 PERCENT INFLATION WAS BETTER THAN 5 PERCENT UNEMPLOYMENT HAD LED TO CONDITIONS OF BOTH HIGH INFLATION AND HIGH UNEMPLOYMENT. RESPONSIBILITY FOR THIS SAD STATE OF AFFAIRS WAS WIDELY SHARED BY GOVERNMENTS FOR FOLLOWING POLICIES AIMED AT MAINTAINING INCOMES IN FACE OF FALLING PRODUCTION AND BY CENTRAL BANKS FOR EXCESSIVE MONETARY EXPANSION. SOLUTION WAS NOT TO ELIMINATE INCOME-MAINTENANCE PROGRAMS BUT TO SEEK NEW SOLUTIONS WHEREBY GROWTH OF PRIVATE CONSUMPTION WOULD BE CHARACTERIZED BY GREATER FRUGALITY. BEAUDRY

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